



## UACIM BOARD OF TRUSTEES TELEPHONIC CONFERENCE MINUTES

December 29, 1999, 9:00 a.m.

### BOARD MEMBERS PARTICIPATING

Dan McConkie, *Vice President*, Davis County Commissioner  
Ken Bischoff, Weber County Commissioner  
Tex Olsen, Sevier County Commissioner  
Kent Petersen, Emery County Commissioner  
Ed Phillips, Millard County Sheriff  
Kent Sundberg, Utah County Deputy Attorney

### OTHERS PARTICIPATING

Brett Rich, Director, UACIM  
Rich Stokluska, GRMS Account Executive

### CALL to ORDER

Dan McConkie conducted the meeting in the absence of Gary Herbert and called the meeting to order.

### PROPERTY REINSURER for the 2000 POLICY YEAR

Brett Rich reviewed the situation concerning the apparent instability of Reliance. A.M. Best downgraded the company from an "A" to an "A-" rating earlier in the year and is reviewing them again "...with negative implications." Standard & Poor's and Moody's are also reviewing Reliance at this time. In addition, Brett reviewed a SEC disclosure that he received from Gallagher and expressed considerable concern over the total losses incurred as a result of adjusted reserves, pending lawsuits and unprofitable business lines.

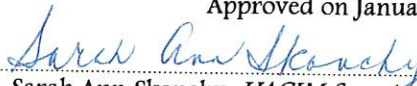
Reliance has quoted \$136,000 for the 2000 reinsurance policy premium. The next closest quote for similar coverage is Option II from Discover Re (combined with Royal) at \$293,199. This is the quote given to the Board at the last meeting but Rich Stokluska stated that Discover Re is now willing to reduce that quote by approximately \$5,000. Brett expressed the opinion that the other quotes provided at the last meeting do not appear viable due to incomplete coverages. Rich supplied the Board with one more quote from Allianz at \$287,308.

The Board discussed whether the instability of Reliance outweighed the difference in premium. Rich explained that the Gallagher Solvency Committee has reviewed Reliance's situation and continues to support the company at this time. Brett expressed the opinion that deciding to renew with Reliance could have a devastating effect on the Mutual in the event Reliance cannot perform on the agreement.

Board Members inquired if it was possible to renew with Reliance at this time and cancel the agreement mid-term. Rich said that the Board could indeed cancel mid-term but that they would most likely be subject to a short-term cancellation fee.

Ken Bischoff made a motion to accept the Reliance proposal and directed Rich Stokluska to report on the financial condition of Reliance at each Board meeting during the upcoming policy period. Ed Phillips seconded the motion, which passed unanimously.

Approved on January 28, 2000

  
Sarah Ann Skanchy, *UACIM Secretary-Treasurer*  
Cache County Council Member



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## ***UAC Insurance Mutual***

***Fax***

**To: UACIM Board of Trustees:**

Gary R. Herbert, Utah County Commissioner  
Dan McConkie, Davis County Commissioner  
Sarah Ann Skanchy, Cache County Council Member  
Ken Bischoff, Weber County Commissioner  
Chad W. Johnson, Beaver County Commissioner  
Ty Lewis, San Juan County Commissioner  
Royal Norman, Box Elder County Commissioner  
Kent Petersen, Emery County Commissioner  
Ed Phillips, Millard County Sheriff  
Tex Olsen, Sevier County Commissioner  
Kent Sundberg, Utah County Deputy Attorney

**From:** Sonya White

**Pages:** 1

**Date:** December 22, 1999

**Re:** Telephonic Conference

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**● Comments:**

Please plan to participate in a telephonic conference to decide on the 2000 property carrier. The conference is scheduled for Wednesday, December 29 at 9:00 a.m. Call 1-800-441-0022 and ask for Chair Person Mr. Rich.

If you are unable to participate, sign below and fax back.

\_\_\_\_\_ will be unable to join the telephonic conference.

Name of Trustee



## Reservation Confirmation

### Customer Information

Organization Name:

Your Reservation # is:  ☐ Original Reservation

Reservation Taken By:  ☐ Updated/Changed Reservation

Reservation Date:  Changes made By:

Your Name:  Billing Reference:

Your Phone:

Your Fax:

### Conference Details

Conference Name:  Chair Person Name:

Conf. Date:  Chair Phone:

Start Time:  Conference Type:

Conf. Duration:  PCMM Pass Code:

# of Lines:  Tone in / out: ☐

If you are dialing in, your participants use:

and / or

to dial in and join the conference

### The Services You Requested For This Conference Are

<input type="checkbox"/> Participant Notification	<input type="checkbox"/> Question and Answer	yes Tape Record
<input checked="" type="checkbox"/> Conf. Fax	<input type="checkbox"/> Music Hold	<input type="checkbox"/> Transcribe
<input type="checkbox"/> Secured Mode	<input type="checkbox"/> Roll Call	<input type="checkbox"/> Translation Language <input type="text"/>
<input type="checkbox"/> Full Monitoring	<input checked="" type="checkbox"/> Announce	<input type="checkbox"/> Rebroadcast
<input type="checkbox"/> Standing		

Standing Day:

### Special Instructions And Notes

0900 AM MST Pls notice change in Res. ID I created a new one, the other was for Passcodes. Also note the 800# change, this will be a better # to call in on.



Minutes of UACIM Board of Trustees Meeting held by telephonic conference at 9:00 a.m. on December 29, 1999.

Dannie McConkie conducted the meeting in the absence of Gary Herbert.

Those participating:

Dannie McConkie  
Ken Bischoff  
Tex Olsen  
Kent Petersen  
Ed Phillips  
Kent Sundberg  
Brett Rich  
Rich Stokluska

The purpose of the meeting was to decide on a property reinsurer for the 2000 policy year.

Brett reviewed the situation concerning the apparent instability of Reliance. A.M. Best downgraded the company from an "A" to an "A-" rating earlier in the year and is reviewing them again "... with negative implications." Standard & Poor's and Moody's are also reviewing Reliance at this time. In addition, Brett reviewed an SEC disclosure that he received from Gallagher and expressed considerable concern over the total losses incurred as a result of adjusted reserves, pending lawsuits and unprofitable business lines.

The cost of the reinsurance from Reliance is \$136,000. The next closest bid for similar coverage is Option 2 from Discover Re (combining with Royal). That cost was quoted at the last Board Meeting at \$293,199. The broker indicates that Discover Re is willing to come down approximately \$5,000.00 from that previous quote. Brett expressed the opinion that the other quotes provided in the last meeting do not appear viable due to incomplete coverages. Rich Stokluska did supply one additional quote from Allianz at \$287,308.00.

Board Members then discussed whether the instability of Reliance is outweighed by the difference in cost of approximately \$151,000.

Rich Stokluska reported that the Gallagher Solvency Committee has reviewed the Reliance situation and is still supporting the company at this time.

Brett Rich expressed concern that the Mutual is no stronger than its weakest reinsurer and that deciding in favor of Reliance could have devastating results in the perception of the Members and in reality in the event that Reliance cannot perform on the agreement.





Board Members asked Rich whether the Board could decide to go with Reliance now and then cancel the agreement mid-term. Rich said it could, but possibly subject to a short-term cancellation fee.

Ken Bischoff moved to accept the Reliance proposal and direct the broker to report on the financial condition of that company at each Board Meeting of the upcoming year. Ed Phillips seconded the motion which passed unanimously.

The meeting was then adjourned.

